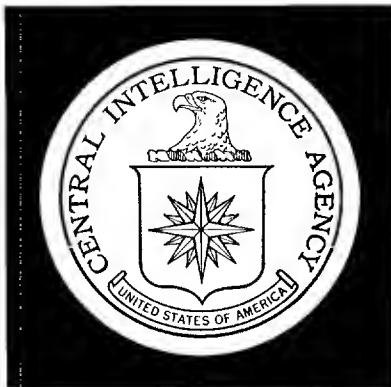


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CAMBODIA: The government is exceedingly pessimistic about its ability to resolve the present rice crisis without substantial foreign imports.

Because of increasing public pressure to eliminate continuing shortages, the government has formally requested immediate shipment of 32,000 tons of rice from the US under the PL-480 program and an additional 150,000 tons for shipment after June 1972. In addition, Phnom Penh is also trying to obtain rice from Taipei and Tokyo.

The US Embassy in Phnom Penh believes that at present consumption levels, rice stocks will be exhausted by mid-November. Moreover, planting in Battambang Province for next season's crop is said to be 30 to 50 percent behind schedule, primarily because of early flooding, shortages of labor and draft animals, and lack of incentives stemming from relatively low paddy prices. Consequently, only a small surplus is expected to be available next year.

The rice situation may be less serious than it seems, however. Because there is a strong incentive on the part of merchants to conceal the size of their rice holdings, official figures almost certainly underestimate the amount of rice now in private hands. In addition, reports of rice smuggling from Cambodia's southeastern provinces into South Vietnam appear to be greatly exaggerated.

A major effort to move Battambang rice into the capital in large convoys of government trucks has already been launched, and other measures now under consideration may help to ease the situation. An increase in the government's purchase price for paddy would have an immediately favorable effect on farmers' incentives, and removal of price ceilings in Phnom Penh might shake loose sufficient stocks to carry Cambodia into the next harvest, which begins in January.

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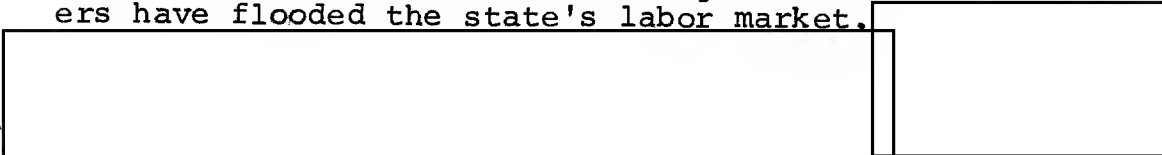
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INDIA: Foreign aid commitments for the East Pakistani refugees in India are mounting very slowly.

Only \$120 million in assistance had been pledged for refugee relief as of early July. This sum is far short of the estimated \$400 million required to cover only six months of adequate care for the approximately 6.5 million refugees now in India. Indian Prime Minister Gandhi has characterized the aid as "practically next to nothing." The US has been by far the biggest contributor with a commitment of \$70.5 million. Most of the relief contributions to date have been channeled through the UN High Commissioner for Refugees, who is coordinating the international relief program.

Prices and wages in West Bengal are showing the effects of the refugee flow. As of mid-June rice prices were up by 15 to 25 percent over April, and prices of vegetables, wheat, legumes, and sugar were up 10 to 30 percent. According to local traders, only a small part of the increases is attributable to seasonal factors. Hoarding of foodstuffs in the face of the refugee influx is probably contributing to the inflationary push. At the same time, wage rates have plummeted by as much as 40 percent because experienced East Pakistani jute and rice farmers have flooded the state's labor market.



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EAST GERMANY: The Honecker regime has abolished its State Secretariat for West German Affairs in order to underscore East Germany's contention that West Germany is a foreign country.

Joachim Hermann, who had been head of the secretariat, has been appointed editor-in-chief of Neues Deutschland, the authoritative party daily. This is a promotion for Hermann, reputedly a close associate of Honecker, and could vault him into prominence as it did politburo member Hermann Axen, a former editor-in-chief.

Pankow probably intends to do away with the specialized secretariats that handle affairs with the Federal Republic and place such issues in the hands of the Foreign Ministry to conform with protocol for dealing with other "foreign" countries, perhaps after the current series of East-West German talks have been concluded. However, the East German negotiator in these talks, Michael Kohl, is head of the State Secretariat for Pass Affairs, another of these special secretariats for a particular West German issue. It appears likely that either Kohl or his office also may be slated for at least a title change. The GDR representative in the East German - West Berlin Senat talks, Guenter Kohrt, is already a deputy foreign minister.

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GUYANA: The Burnham government appears to be resolving some of the more immediate problems connected with the Demerara Bauxite Company (DEMBA), which will be nationalized on 15 July.

Arrangements reportedly have been made for marketing DEMBA's production during the rest of 1971 with the Aluminum Company of Canada--the enterprise's present owner--and a US-owned firm. A newspaper article reports that the US firm plans to sell much of its allocation to the USSR and Eastern Europe, and is negotiating with Guyana for a joint marketing arrangement for all of DEMBA's output beginning in 1972.

A second US firm has agreed to act as DEMBA's overseas purchasing agent after the company has been nationalized. In addition, Trinidad and Tobago will ensure the availability of transshipment facilities for DEMBA's ore after nationalization. Despite these developments, however, Guyana still faces difficulties in maintaining current levels of output and in obtaining firm, long-term marketing commitments.



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NOTE

USSR-UN: Moscow's current interest in resuming a dialogue with the US on peacekeeping may in fact be aimed at forestalling action at the General Assembly this fall that might strengthen the UN peacekeeping machinery. According to a Soviet official at the UN, Ambassador Malik will probably discuss the matter with Ambassador Bush next week. No serious US-Soviet discussion of the matter has been held since June 1970 because the Soviets failed to respond formally to US proposals designed to resolve differences over peacekeeping guidelines. Last month the Soviets presented the US with a position paper that revealed no sign of flexibility, but they now say that the document was intended to reopen bilateral exchanges and that they have a "more detailed paper" they wish to discuss with the US.

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